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UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

CONSORZIO DEL PROSCIUTTO DI SAN DANIELE, Plaintiff, v. DANIELE, INC., Defendant.	)	C.A. No. __________ CA 07 039ML

COMPLAINT

Plaintiff Consorzio del Prosciutto di San Daniele, by its counsel, files this Complaint for permanent injunctive relief, damages and other relief against Defendant Daniele, Inc. as follows:

PARTIES

1. Plaintiff Consorzio del Prosciutto di San Daniele (hereinafter "Plaintiff" or "Consorzio") is a consortium of producers of prosciutto located in San Daniele del Friuli, Italy (hereinafter "San Daniele"). The members of the Consorzio are citizens or subjects of Italy and have their principal places of business in Italy.

2. Defendant Daniele, Inc. ("Defendant") is a corporation incorporated in Rhode Island, having its principal place of business in Pascoag, Rhode Island. Defendant produces prosciutto and other meat products in the United States.

JURISDICTION AND VENUE

3. This Complaint arises under the Acts of Congress relating to trademarks and unfair competition. This Court therefore has subject matter jurisdiction under 28 U.S.C. § 1331 and § 1338(a).

4. This Court also has subject matter jurisdiction over this Complaint under 28 U.S.C. § 1332 in that the matter in controversy exceeds the sum or value of $75,000, exclusive of interest and costs, and is between citizens of a State and citizens or subjects of a foreign state.

5. This Court also has supplemental jurisdiction over Count I under 28 U.S.C. §1367.

6. Venue in this Court is proper under 28 U.S.C. § 1391(b).

FACTS

7. Prosciutto is a type of dry-cured ham. It is a significant component of the Italian diet and is sold in many countries around the world, including the United States.

8. The town of San Daniele del Friuli, Italy, is famous throughout the world and in the United States for its prosciutto. Prosciutto has been made in San Daniele for more than 900 years.

9. The Consorzio is responsible for the regulation of the production of prosciutto in San Daniele and for the protection and promotion of the name of San Daniele as a designation of origin for prosciutto made in San Daniele. Prosciutto sold under the name of San Daniele must be inspected and approved by the Consorzio.

10. Prosciutto from San Daniele was sold in the United States prior to 1960. Beginning in the 1960s, pork products from Italy, including prosciutto, were banned by the U.S. government from sale in the United States.

11. In the 1970s, Defendant began manufacturing and selling prosciutto in the United States. It chose the name Daniele Prosciutto, Inc., and the trademark DANIELE for its prosciutto.

12. The name "Daniele" has no significance with respect to prosciutto, other than as the dominant word in the name of San Daniele, which is famous for prosciutto.

13. Defendant's use of the name "Daniele" in its trade name and its trademark was not authorized or consented to by the Consorzio.

Defendant's Misuse of the DANIELE Trademark

14. In the early 1990s, the U.S. government removed its ban on the importation of prosciutto made in San Daniele.

15. On November 14, 1995, the Consorzio obtained U.S. registration of its certification mark, PROSCIUTTO DI SAN DANIELE SD and Design, for prosciutto ham, Reg. No. 1,934,548. The certification mark designates prosciutto that is made in San Daniele, meets certain criteria, and has been approved by the Consorzio.

16. Members of the Consorzio then resumed sales of San Daniele prosciutto in the United States. The first shipments were made in late 1996.

17. Soon after sales of San Daniele prosciutto were resumed in the United States, Defendant issued a marketing brochure, in which it made false statements designed to create the impression that it was connected with San Daniele and the Consorzio. It said, in part:

- "The Daniele Prosciutto company was founded in 1911 in Trieste, Italy and now has two facilities in Italy and three in the United States.

- *In Italy, Prosciutto is the product of a 900-year-old tradition protected by a Consorzio in the village of San Daniele.* The Consorzio sets the standards each ham must meet before it can be called Prosciutto. In America, only Daniele Prosciutto meets these demanding standards. … At Daniele, we still adhere precisely to the original specifications developed more than 900 years ago … salt, pepper, and time are the only ingredients we add. When an occasion calls for the best, only authentic Prosciutto will do – Daniele Prosciutto.

(Emphasis in original.)

18. On information and belief, Defendant made the same statements on its Internet Web site.

19. These statements were false in the following respects:

- Contrary to the claim made by Defendant, the Consorzio does not set the standards for all prosciutto in Italy. It sets the standards only for prosciutto made in San Daniele.
- Contrary to the claim made by Defendant, Defendant was not founded in Italy and had no facility in Italy. The implication that it produced goods in Italy was false. In particular, its prosciutto was, and is, made exclusively in the United States.
- Contrary to the claim made by Defendant, its "Daniele Prosciutto" did not meet, and has never met, the standards of the Consorzio for prosciutto made in San Daniele.
- Contrary to Defendant's implied claim, Defendant's "Daniele Prosciutto" was not, and has never been, approved or endorsed by the Consorzio.

20. Defendant's references to San Daniele and the Consorzio were an attempt to create the false impression that Defendant was affiliated with the Consorzio, that its "Daniele Prosciutto" was approved or endorsed by the Consorzio, and that its "Daniele Prosciutto" was equivalent to prosciutto made in San Daniele.

21. In making these false statements, Defendant used its DANIELE trademark to trade on the name and good will of San Daniele and to create confusion between its "Daniele Prosciutto" and authentic San Daniele prosciutto.

The Settlement Agreements

22. On August 6, 2003, officials of the Consorzio and the President of Defendant entered into an agreement settling their dispute over Defendant's registration and use of its DANIELE trademark.

23. In the settlement agreement, Defendant agreed to cease its use of the DANIELE trademark on prosciutto and ham and to use "a different trademark" on prosciutto and ham, bearing no resemblance to "San Daniele." The parties also agreed that Defendant would change its corporate name to "Daniele, Inc." and that, on Defendant's labels for prosciutto, its corporate name would appear in letters no more than one-fourth the size of its trademark.

24. On August 18, 2003, Defendant declared that the settlement agreement was null and void because its President allegedly had misunderstood the agreement and allegedly had been misled by the Consorzio on the meaning of the agreement.

25. On August 21, 2003, Defendant filed a lawsuit in Rhode Island state court, asking that the settlement agreement be nullified. Plaintiff removed the case to this Court. It filed a counterclaim against Defendant for breach of the settlement agreement and for false designation of origin, false advertising, and infringement of Plaintiff's certification mark.

26. On March 25, 2005, Plaintiff and Defendant signed a new settlement agreement ("2005 Settlement Agreement"). Certain changes were made to the first agreement, but the substantive provisions of the agreement remained essentially unchanged.

27. Defendant has breached the following provisions of the 2005 Settlement Agreement.

Defendant Has Failed to Adopt a Trademark for Its Prosciutto Different From "Daniele"

28. Prior to the 2005 Settlement Agreement, Defendant used a single trademark, DANIELE, for its prosciutto. Defendant used this trademark on all of its prosciutto products, including all of its various grades of prosciutto.

29. In paragraph 5 of the 2005 Settlement Agreement, Defendant agreed to cease its use of the DANIELE trademark and to use "a different trademark, bearing no resemblance to 'San Daniele,' for the sale of prosciutto and ham."

30. Subsequent to the 2005 Settlement Agreement, Defendant has adopted no new trademark to replace the DANIELE trademark as its trademark for its prosciutto products as a whole.

31. Where previously Defendant had one trademark for its prosciutto, Defendant now purports to have five trademarks for its prosciutto. They are:

- Gran Premio
- President's Reserve 400
- President's
- Deli-Cut-O
- Riserva

32. Each of these designations is accompanied by a "TM" superscript on Defendant's packages. Upon information and belief, Defendant has not applied for registration of any of these designations as a trademark.

33. Each of these designations is used by Defendant to designate a grade or type of Defendant's prosciutto.

34. Upon information and belief, each of these designations has a descriptive meaning in connection with the particular product, as follows. "Gran Premio" means "grand prize" in Italian and is Defendant's highest grade of prosciutto sold in bulk. "President's Reserve 400" is described on the package as "selected by the President of Daniele, Inc.," has been aged for at least 400 days, and is Defendant's second highest grade of prosciutto sold in bulk. "President's" is Defendant's basic prosciutto sold in bulk and in packages of pre-sliced product and, as the term suggests, is a grade below Defendant's "President's Reserve 400." "Deli-Cut-O," as the term suggests, is prosciutto sold in bulk for cutting in a delicatessen. "Riserva" means "reserve" in Italian and is used for certain of Defendant's prosciutto "panino" products.

35. Defendant is not using these designations as trademarks, that is, to indicate the origin of its goods.

36. Defendant's marketing identifies the source of its prosciutto as "Daniele Prosciutto" or, in some cases, "Daniele, Inc. Prosciutto."

37. For example, after the 2005 Settlement Agreement, on its Web site, Defendant referred to its prosciutto as "Daniele Prosciutto." After Plaintiff objected, the only change made by Defendant was to refer to its prosciutto as "Daniele, Inc. Prosciutto."

38. Similarly, on Defendant's Web site, the Spanish version of the "Prosciutto" page refers to "prosciutto jamon Daniele." This is Spanish for "Daniele prosciutto ham."

39. Likewise, Defendant's resellers continue to refer to Defendant's prosciutto as "Daniele Prosciutto."

40. Defendant's use of "Daniele" and "Daniele, Inc." to indicate the source of its prosciutto constitutes use of these terms as trademarks and violates Defendant's obligation under the 2005 Settlement Agreement to cease its use of "Daniele" as its trademark for prosciutto and

to use a different trademark, bearing no resemblance to "San Daniele," in connection with the sale of prosciutto.

41. Plaintiff has informed Defendant that Defendant is not in compliance with the 2005 Settlement Agreement and has asked that it adopt a trademark for its prosciutto in accordance with the agreement. Defendant has refused and has denied any violation of the 2005 Settlement Agreement.

42. Defendant's conduct is intentional, malicious, willful and wanton, and is designed to cause confusion with respect to San Daniele and the Consorzio and to trade on the reputation of San Daniele for prosciutto.

Defendant's Packages and Labels Are in Violation of the Settlement Agreement

43. In paragraph 6 of the 2005 Settlement Agreement, Defendant agreed that, on its labels for prosciutto, the letters of its trade name would be no larger than one-fourth the size of its trademark.

44. After the 2005 Settlement Agreement, Defendant adopted new packages and labels for its prosciutto products.

45. On the packages for its "President's" prosciutto sold in bulk, the letters of its "DANIELE INC." trade name are much more than one-fourth the size of the letters of its alleged "President's" trademark, except for initial, upper-case "P" of the trademark.

46. Defendant is therefore in violation of paragraph 6 of the 2005 Settlement Agreement.

47. Defendant's conduct is intentional, malicious, willful and wanton, and is designed to cause confusion with respect to San Daniele and the Consorzio and to trade on the reputation of San Daniele.

Defendant Is Not Indicating that Its Prosciutto Is Made in the United States

48. In paragraph 7 of the 2005 Settlement Agreement, Defendant agreed that, as to prosciutto, it would prominently indicate on its labels and in all advertising and marketing materials that its goods are made in the United States.

49. Defendant's labels for prosciutto do not state that the product is made in the United States.

50. Defendant's marketing brochure does not state that its prosciutto is made in the United States.

51. Defendant is therefore in violation of paragraph 7 of the 2005 Settlement Agreement.

52. Defendant's conduct is intentional, malicious, willful and wanton, and is designed to cause confusion with respect to San Daniele and the Consorzio and to trade on the reputation of San Daniele.

Defendant Continues to Use the DANIELE Trademark on its Labels for Prosciutto

53. In paragraph 8 of the 2005 Settlement Agreement, Defendant agreed not to use materials implying a connection with San Daniele, except that it could use its existing labels until June 30, 2005.

54. Notwithstanding its promise, Defendant has continued, and continues, to sell prosciutto in packages with labels bearing the DANIELE mark, long after the deadline imposed by the agreement. Examples include the following.

55. In November 2005, in Westbury, Massachusetts, a consumer purchased a package of Defendant's pre-sliced prosciutto, bearing the DANIELE mark. The consumer believed it to be connected with San Daniele and sent a letter to the Consorzio, complaining that the product

did not meet the standards of San Daniele prosciutto. In this instance, Defendant's use of the DANIELE mark caused consumer confusion to the detriment of the Consorzio and its Members.

56. In March 2006, a prosciutto leg sold in bulk by Defendant was sold by an online retailer, located in Yonkers, New York, in a package marked as "Daniele Prosciutto."

57. In September 2006, Defendant sold prosciutto directly from its Web site, marked on its labels as "DANIELE Prosciutto" and bearing the DANIELE trademark in Defendant's logo.

58. Also in September 2006, at a retail store in Bowie, Maryland, prosciutto products of Defendant were sold in packages marked on the labels as "DANIELE DELI-CUT-O Boneless Prosciutto."

59. On three different occasions since the 2005 Settlement Agreement, in response to requests by Plaintiff, Defendant has sent to Plaintiff what it represented were all of the labels currently in use for prosciutto. Defendant has provided none of the labels or packages described above.

60. Plaintiff has on several occasions requested explanations of violations of the 2005 Settlement Agreement by Defendant. In general, Defendant has not responded to Defendant's requests.

61. For these reasons, Defendant is in violation of paragraph 8 of the 2005 Settlement Agreement.

62. Defendant's conduct is intentional, malicious, willful and wanton, and is designed to cause confusion with respect to San Daniele and the Consorzio and to trade on the reputation of San Daniele.

Defendant Has Not Endeavored to Avoid Confusion with Plaintiff or San Daniele

63. In paragraph 10 of the 2005 Settlement Agreement, the parties agreed to endeavor to avoid confusion between their trademarks and trade names.

64. Defendant has not endeavored to avoid confusion between its trademarks and trade names and Plaintiff's name or certification mark. To the contrary, it has taken actions designed to perpetuate confusion. It has failed to adopt a new trademark for its prosciutto; it has used "Daniele" and "Daniele, Inc." as its effective trademarks for its prosciutto; it has used alleged new trademarks for prosciutto, which are in fact mere grade designations and descriptive terms, not genuine trademarks; it has continued to use the DANIELE trademark on its labels for prosciutto; it has failed to indicate that its prosciutto is made in the United States; and on some of its packages, it has made its trade name larger than permitted by the 2005 Settlement Agreement.

65. In addition, Defendant has used colors on its packaging to emphasize its "Daniele, Inc." trade name and to de-emphasize its new, alleged trademark. Specifically, on the new packages for its "President's" prosciutto, Defendant's DANIELE, INC. trade name, in addition to being in letters larger than permitted by the settlement agreement, is placed above the trademark, in colors providing a stark contrast to the background color of the package, whereas its alleged "President's" trademark is in a much lighter color, which blends in with the background color of the package. Combined with the large letters used in violation of the settlement agreement, this ensures that the DANIELE, INC. trade name is the dominant feature of the package, overshadowing the alleged trademark.

66. For each and all of these reasons, Defendant is in violation of paragraph 10 of the settlement agreement.

67. Defendant's conduct is intentional, malicious, willful and wanton, and is designed to cause confusion with respect to San Daniele and the Consorzio and to trade on the reputation of San Daniele.

CLAIMS

COUNT I
(Breach of Contract)

68. Plaintiff incorporates by reference paragraphs 1 through 67 above as if restated in their entirety.

69. Defendant has breached the 2005 Settlement Agreement.

70. As a direct and proximate result of this conduct, Plaintiff and its Members have been severely and irreparably injured and are likely to continue to be irreparably injured in their business and reputation, having resulted and likely to continue to result in lost sales, revenues, profits and good will, unless Defendant is permanently restrained by this Court.

COUNT II
(False Designation of Origin)

71. Plaintiff incorporates by reference paragraphs 1 through 67 above as if restated in their entirety.

72. Defendant has used a mark in a way that is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of Defendant with Plaintiff and as to geographic origin of Defendant's goods, in violation of section 43(a)(1)(A) of the Trademark Act of 1946, as amended, 15 U.S.C.A. § 1125(a)(1)(A).

73. As a direct and proximate result of this conduct, Plaintiff and its Members have been severely and irreparably injured and are likely to continue to be irreparably injured in their business

and reputation, having resulted and likely to continue to result in lost sales, revenues, profits and good will, unless Defendant is permanently restrained by this Court.

COUNT III
(Trademark Infringement)

74. Plaintiff incorporates by reference paragraphs 1 through 67 above as if restated in their entirety.

75. Defendant has engaged in infringement of Plaintiff's federal certification mark under section 32 of the Trademark Act of 1946, as amended, 15 U.S.C. § 1114.

76. As a direct and proximate result of this conduct, Plaintiff and its Members have been severely and irreparably injured and are likely to continue to be irreparably injured in their business and reputation, having resulted and likely to continue to result in lost sales, revenues, profits and good will, unless Defendant is permanently restrained by this Court.

WHEREFORE, Plaintiff Consorzio del Prosciutto di San Daniele prays that the Court enter a judgment finding and entering:

1. That Defendant Daniele, Inc. be adjudged to have breached the 2005 Settlement Agreement;

2. That Defendant Daniele, Inc. be adjudged to have engaged in unfair competition and falsely designated the origin of its prosciutto;

3. That Defendant Daniele, Inc. be adjudged to have deliberately engaged in unfair competition and falsely designated the origin of its prosciutto;

4. That Defendant Daniele, Inc. be adjudged to have engaged in infringement of the certification mark of Plaintiff.

5. That Defendant Daniele, Inc. be adjudged to have deliberately engaged in infringement of the certification mark of Plaintiff;

6. That Defendant be ordered to adopt and use a new, distinctive trademark, bearing no resemblance to "San Daniele," for use in connection with the sale of prosciutto and ham;

7. That Defendant Daniele, Inc., its officers, directors, servants, agents, employees, attorneys, assigns, successors and all persons in active concert or participation with Defendant be forthwith permanently enjoined and restrained from:

a. Using DANIELE or any confusingly similar trademark in connection with the sale of prosciutto.

b. Using any other mark or trade name in any way likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of Defendant with Plaintiff, as to sponsorship or approval of Defendant's goods by Plaintiff, and as to the geographic origin of its goods;

c. Advertising or publishing any promotional materials that in any way suggests Defendant's goods meet the standards of Plaintiff or are sponsored or approved by Plaintiff, or in any other way misrepresents the nature, characteristics, qualities, or geographic origin of Defendant's goods;

d. Unfairly competing with Plaintiff in any manner whatsoever; and

e. Falsely designating the origin of Defendant's prosciutto.

8. That Defendant be required to account to Plaintiff for all profits and damages resulting from Defendant's activities;

9. That Defendant be ordered to deliver up or destroy all labels, signs, pictures, literature, letterhead, invoices, brochures, advertisements, packaging, photographs, negatives, and

any other materials including manufactured goods, in the possession or control of Defendant or any of its representatives, agents, servants, employees, successors or assigns that in any way are likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of Defendant with Plaintiff and as to origin, sponsorship or approval of Defendant's goods by Plaintiff, including but limited to all dies, plates, art work, devices, and other means for producing such materials, including all that have not been sold to distributors and suppliers;

10. That Plaintiff be awarded prejudgment and post-judgment interest and costs in accordance with 28 U.S.C. § 1961 and 15 U.S.C. § 1117;

11. That Plaintiff be awarded appropriate equitable relief and its costs, including but not limited to attorneys' fees, under paragraph 15 of the 2005 Settlement Agreement;

12. That Plaintiff be awarded its costs, including attorneys fees, in accordance with R.I.G.L. § 9-1-45;

13. That Plaintiff be awarded exemplary damages in an amount sufficient to punish Defendant for its unlawful conduct and to deter similar misconduct in the future;

14. That the present case be adjudged an "exceptional case" within the meaning of 15 U.S.C. § 1117 and that reasonable attorneys' fees be awarded pursuant thereto; and

15. That Plaintiff have such other, further and different relief as the Court may deem just and proper.

Dated: Providence, Rhode Island
January 29, 2007

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